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## HOUSING & URBAN DEVELOPMENT DEPARTMENT

NOTIFICATION

The 24th May 2007

No.12338-Mupl.Pen(C)-32/2005/HUD. —In pursuance of Finance Department Notification No.44451/F., dated the 17th September, 2005, Government have been pleased to make the following Rules, further to amend the Orissa Municipal Employees (Pension) Rules,1989 namely :—

**1.** *(1)* These rules may be called, the Orissa Municipal Employees (Pension) Amendment Rules, 2006.

*(2)* They shall be deemed to have come into force with effect from 1st day of January, 2005.

**2.** In the Orissa Municipal Employees (Pension) Rules,1989 after Rule 3, the following sub-rule shall be added namely :—

"(2) Notwithstanding any thing contained in these rules, all persons appointed under the Local Authorities other than those who are included in the Local Fund Service with effect from 1st day of January,2005 shall not be eligible for pension, but shall be covered by the defined contribution Pension Scheme as specified below :—

(i) The monthly contribution would be 10% of the Basic pay and Dearness Allowance to be paid by the employee and the Urban Local Bodies would also provide an equal matching contribution. The contribution so made would be deposited in a non-withdrawable pension tier-I account. Such funds will be invested by Pension Fund managers as approved by Pension Fund Regulatory and Development Authority (PFRDA) under different categories of Scheme which would be a mix of debt and equity.

The fund managers would given out easily understood information about the performance of different investment schemes so that individual Municipal Employee would be able to make informed choices about which scheme to choose.

(ii) The respective Urban Local Bodies shall bear the necessary financial liability on this account for both LFS and Non-LFS categories of employee of their organisation and the Government shall not be responsible in any manner, whatsoever, the required contribution/ matching contribution on behalf of the employer in this connection shall be completely borne by the Urban Local Body concerned.

(iii) At the time of retirement, the employees serving under Local Authorities other than those who are included in the Local Fund Service will receive the lump sum amount of 60% deposited in pension tier-I account as pension wealth and it is mandatory to the Municipal employee to invest remaining 40% of his pension wealth to purchase an annuity from an Insurance Regulatory and Development Authority regulated Life Insurance Company. The annuity shall provide for pension for the life time of the employee and his dependant parents and his spouse at the time of retirement. The individual would receive lump sum of the remaining pension wealth, which he would be free to utilise in any manner. Individual would have the flexibility to leave the pension system prior to age of 58 years or 60 years as the case may be. In such case mandatory annuitisation would be 80% of the pension wealth.

This has been concurred in by Finance Deptt. in their UOR No.209-C.S.-III/ dated the 5th October 2006.

By Order of the Governor

R.R.MALLICK

Director Municipal Administration &

*Ex-officio* Addl. Secretary to Government

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